



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

February 22, 2001

CERTIFIED RETURN RECEIPT

7000 0520 0021 7582 8623

Neldon Kunz
Mine Superintendent
American Gilsonite Company
Bonanza Operations
HC 73 Box 28
Vernal, Utah 84078-9284

Re: Review of Reclamation Cost Estimate Comments, American Gilsonite Company (AGC), Bonanza Operations, M/047/010 (ML-851), Uintah County, Utah

Dear Mr. Kunz:

The Division has completed a review of the AGC comments dated May 31, 2000, which refer to the Division's reclamation cost estimate and letter of May 17, 2000. We realize this revised cost estimate for the entire operation is lengthy and required a considerable amount of time to review. We appreciate your efforts to provide detailed comments.

We have revised the previous reclamation estimate and summary of mine sites to reflect the information provided by AGC regarding the number of mine sites, their status, and local contractor quotes. The revised estimate and mine site summary are attached for your review. Items in the estimate which have been modified from the previous Division estimate are highlighted by shading. Please review these items and provide comments accepting or correcting this revised information within 90 days or by May 30, 2001.

COMMENTS ON THE AGC RESPONSE LETTER

(1) AGC wants sites released during the 5/24/00 inspection to be removed from the list.

A Division memo had not been prepared documenting the areas examined during the 5/24/00 site inspection. A memo has been written (copy attached) which documents the areas which can be released by the Division, as well as those areas which require reclamation. The Division will fully release sites R-1, LE-4, LE-17 and LE-18. Site R-3 will also be released with a post mining use as a UBET antennae site. Sites R-2 and R-4 require a cap over the shaft opening. Site LE-19 needs a shaft cap and seeding of approximately 1/2 acre. Site B-14 is a pre-law site which has been

reimpacted by AGC, albeit limited impact; therefore, reclamation of this site will be required in the form of a shaft cap only.

The inspection memo suggests the omission of fertilizer from the revegetation treatments in the plan, and also suggests mulch be replaced with composted manure. The revised Division estimate includes these modifications in the revegetation sections of the estimate. Please indicate AGC's acceptance of these revised treatments as part of the reclamation plan, or provide justification for other revegetation treatments.

- (2) AGC wishes to refine the listing of mine sites to include mine sites without equipment.

The revised Division estimate reflects several subcategories for mine sites and escapeways which describe the conditions and equipment present at each site. Please review these changes as reflected in the summary listing and in the "per-site" calculation page. Please confirm that these site conditions reflect the general status of these sites for the next five year bonding period (i.e., equipment is moved from one complete site to an incomplete site, rather than increasing the total number of site facilities). By reducing the costs for the conditions at these partially equipped sites (as they presently exist), AGC will not be permitted to add features or structures to these facilities unless: (a) the bond is increased appropriately first, or (b) the exact features or structures are reclaimed or removed from another site covered by the bond posted with the Division. The Division can refine the bond for these partially equipped sites as proposed by AGC, and this will reduce the reclamation cost estimate; however, this will limit the flexibility to make changes at the mine sites covered by this estimate. Please indicate your acceptance of this information or provide corrections for these subcategories.

- (3) AGC wants to exclude 8 sites bonded with the BLM
B44, WH-3, WH-7, WH-12, I-30, LE-5, LE-6, LE-7

-Description of mine site surface disturbance located on BLM land:

B44	= 1.0 acre typical mine site with partial equipment
WH-3	= 2.1 acre proposed typical mine site with blasting as closure
WH-7	= 2.0 acre proposed typical mine site with blasting as closure
WH-12	= 1.0 acre typical mine site with no equipment
I-30	= 1.0 acre typical mine site with partial equipment, SITLA lease transferred to BLM
LE-5	= 1.0 acre typical mine site with equipment
LE-6	= 1.0 acre typical mine site with equipment
LE-7	= 0.5 acre escape way with no equipment

DOGM has revised the cost estimate to recognize these sites as being covered by bonds posted with the BLM; however, specific costs for reclamation of these sites will need to be identified to confirm these bond amounts meet or exceed DOGM cost estimates. Bonds posted with the BLM usually cover rental, royalties and reclamation.

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- (4) AGC wants to exclude 2 sites bonded with SITLA
I-30, I-12 (if bond transferred from site E-31 allowed)

Page one of the previous Division reclamation estimate shows two sites bonded with SITLA that have been excluded from the total costs (I-30 and E-31), i.e., one site and one escape way. These sites are included on the listing of sites, but their reclamation costs were not included in the total.

- (5) AGC wants to exclude the 2 proposed sites on BLM land which will require blasting as final closure of the mine openings.
WH-3, WH-7

Excluding the costs of reclamation covered by bonds posted with the BLM (mentioned above) would have the same affect as excluding them here (duplicate request).

COMMENTS ON THE COST ESTIMATE CALCULATIONS

The attachment page from Ouray Construction in the May 31, 2000 AGC submission, does not include a date. All unit costs in the AGC estimate which reference the Ouray Construction cost sheet cannot be accepted at this time. Please provide a cover letter or dated bid sheet from Ouray Construction which indicates these costs are current to support their inclusion into the estimate.

The AGC submission does not include a price quote or bid sheet from Tom Lison or Stubbs. All unit costs in the AGC submission for a dozer and dozer operator taken from these two sources cannot be accepted at this time. Please provide information to support these unit costs such as a dated letter or bid sheet from these contractors. The Division's revised estimate uses Blue Book and Means unit costs for these tasks.

The AGC submission refers to a \$500 concrete cost for shaft capping supplies. The Division's figure of \$800 is for concrete, forms, rebar, etc., needed for constructing a concrete cap on the shaft. Please provide a revised estimate to include these other supplies or accept the Division's unit cost.

The AGC submission omits costs for mulch or fertilizer application at the mine sites, or at the other feature categories (i.e. operation facilities, roads, ponds, pads, residential area). The cost estimate prepared by the Division for the August 1992 reformatted mine permit as submitted by AGC, included these reclamation treatments. The revised cost estimate includes adjustments to the revegetation treatments based on the 5/24/00 site inspection. Please provide justification for the omission of these reclamation treatments from the cost estimate and plan, or indicate your acceptance.

The cost estimate has been revised to reflect five years of escalation from the present year to year 2006.

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If you have any questions regarding this letter, please contact me at (801) 538-5286, or Tony Gallegos at (801) 538-5267. Thank you for your continued cooperation.

Sincerely,

A handwritten signature in black ink that reads "D. Wayne Hedberg". The signature is written in a cursive style with a large, stylized "H".

D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program

jb
Attachment: Revised Cost Estimate, 5/24/00 inspection memo
cc: Will Stokes, SITLA
Stan Perkes, BLM State Office
O:\REVIEW\m47-10bondrev.wpd

SUMMARY OF MINE SITES & ACREAGE

M/047/010

last revision

14-Feb-2001

AMERICAN GILSONITE COMPANY

filename: M47-10AC.WB2

Prepared by Utah Division of Oil, Gas & Mining

page name: summary2

mine site	property	acreage	bond held by	site code	acreage >typical	other agency bond amount	DOGM NOTES 2/14/2001
E-14	patented	1.0	DOGM	me			mine + equip
E-15	patented	1.0	DOGM	me			mine + equip
E-30W	patented	0.5	DOGM	ee			E23 changed to E-30W; active escapeway
E-27	patented	1.0	DOGM	me			new site - 5/5/00 information
E-28	patented	0.5	DOGM	ee			escapeway + equip, active
E-29	patented	1.0	DOGM	me			mine + equip
E-30	patented	1.0	DOGM	me			mine + equip, ponds?
E-31	SITLA?	0.5	SITLA?	ene		\$5,000 SITLA	escapeway, no equip., development 1994
I-9	patented	1.0	DOGM	mpe			mine + equip, no hoist
I-10	patented	1.0	DOGM	mpe			mine + equip, no derrick, no bin
I-12	SITLA	1.4	SITLA?	me	0.4	SITLA???	new mine + equip., proposed 4/24/00
I-15	patented	1.0	DOGM	mpe			mine + only compressor + bldg
I-16	patented	1.0	DOGM	mpe			mine + equip, no bin
I-18	patented	1.0	DOGM	mpe			mine + only 2 bldgs
I-24	patented	1.0	DOGM	me			mine + equip
I-30	BLM-exch	1.0	BLM-ex	mpe		BLM -\$-???	mine + equip, no hoist, no derrick
B-12	patented	0.5	DOGM	ee			escape + equip
B-14	???	0.5	DOGM	ms			pre-law reimpacted; need shaft cap
B-16	patented	1.0	DOGM	me			mine + equip
B-38	FEE	1.0	DOGM	me			mine + equip
B-40	FEE	1.0	DOGM	mne			mine, no equip
B-42	FEE	1.0	DOGM	me			mine + equip
B-44	BLM	1.0	BLM	mpe		BLM -\$-???	mine + equip, no hoist
WH-3	BLM	2.1	BLM	me	1.1	BLM -\$-???	proposed 2/98; blasting reclamation
WH-7	BLM	2.0	BLM	me	1.0	BLM -\$-???	proposed 2/98; blasting reclamation
WH-11	BLM	0.0	BLM	RR			DOGM RELEASED 1.0 12/8/98; NEED BLM RELEASE
WH-12	BLM	1.0	BLM	mne		BLM -\$-???	mine, no equip
WH-17	FEE	1.0	DOGM	mpe			mine + equip, no hoist, no derrick
LE-3	FEE	0.0	DOGM	RR			released 1.0 6/15/88
LE-4	FEE	1.0	DOGM	RR			DOGM released during 5/24/00 site inspection
LE-5	BLM	1.0	BLM	me		BLM -\$-???	mine + equip
LE-6	BLM	1.0	BLM	me		BLM -\$-???	mine + equip
LE-7	BLM	0.5	BLM	ene		BLM -\$-???	escapeway, no equip.
LE-10	FEE	1.0	DOGM	me			mine + equip; pre-law site reactivated
LE-16	patented	1.0	DOGM	mv			seeding only
LE-17?	patented	0.0	?	0	?		LE-17; old site reopened as part of LE-19?
LE-18?	patented	0.0	?	0	?		LE-18; old site reopened as part of LE-19?
LE-19	patented	1.0	DOGM	ms			3 acre site; 2.5 released 5/24/00; need cap & seeding on 0.5
LE-20	patented	1.0	DOGM	mv			need seeding
PW-3	patented	0.0	DOGM	RR			RELEASED 1.0 12/8/98
PW-4	patented	0.0	DOGM	RR			RELEASED 1.0 12/8/98
H-1	FEE	0.0	DOGM	RR			RELEASED 1.0 12/8/98
H-2	FEE	1.0	DOGM	me			mine + equip
H-10	patented	1.0	DOGM	mpe			mine + equip, no hoist, no derrick
R-1	patented	1.0	DOGM	RR			DOGM released during 5/24/00 site inspection
R-2	patented	1.0	DOGM	ms			needs cap
R-3	patented	1.0	DOGM	RR		UBET use	leased to UBET; DOGM released during 5/24/00 inspection
R-4	patented	1.0	DOGM	ms			needs 2 small concrete caps 5/5/00

48 total sites 40.54 acres

2.5 acreage in excess of typical 1.0 or 0.5 acre site count

SITE CODE	COUNT	SITE DESCRIPTION
me	16	typical 1.0 acre mine site with complete set of structures and equipment
mpe	9	typical 1.0 acre mine site with partial set of structures and equipment
mne	2	typical 1.0 acre mine site with no structures or equipment (requires shaft cap & revegetation)
ms	4	typical 1.0 acre mine site which has been reclaimed but requires a cap over the shaft only
mv	2	typical 1.0 acre mine site which requires revegetation only
ee	3	typical 0.5 acre escapeway with equipment
ene	2	typical 0.5 acre escapeway without equipment
RR	8	site has been reclaimed and released
	46	check total count against total sites
		2 sites not given a site code

RECLAMATION ESTIMATE REVISION

American Gilsonite Company (C)

page 1 of 6

filename m47-10-5yr-2.wb3

Bonanza Gilsonite Operations

Uintah County

ps ne "per_site"

last revision

14-Feb-2001

M/047/010

Prepared by Utah State Division of Oil, Gas & Mining

Reclamation Details

- Work quantities & units in this estimate are from AGC's reformatted mine permit received Aug. 11, 1992.
- Unit costs are from the Rental Rate Blue Book, Means 2000 Heavy Construction Cost Data & AGC price quotes.
- Total mine sites in the last Division summary was 46, less 5 reclaimed sites gave 41 active sites affecting 42.54 acres.
- Mine sites have been grouped into 8 categories based on the May 31, 2000 AGC information.
- Numbers of mine sites & acreages in this estimate are from the Division's summary of February 14, 2001.
- The February 14, 2001 Division summary lists 38 active sites affecting approximately 37.5 acres.
- This estimate uses costs for reclaiming a typical 1.0 acre fully equipped gilsonite mine & 0.5 acre escapeway site.
- No post-mining use of structures was assumed, reclamation involves total removal/demolition of all structures.
- Site I-30 was exchanged to BLM; was SITLA ML31934 with \$10,000 bond approximately ½ amount for reclamation.
- E-31 is an escapeway on SITLA site ML-31999 with \$5,000 bond, approximately 1/2 amount for reclamation.
- AGC has a \$120,000 bond posted with BLM for federal leases, but reclamation amounts for specific sites are not identified.
- BLM active sites: I-30, B-44, WH-12, LE-5, LE-6, LE-7; BLM proposed & inactive sites WH-3 & WH-7.
- Proposed sites WH-3 & WH-7 to be reclaimed by blasting the vein closed; AGC reclamation cost estimate of \$70,000.
- DOGM can recognize SITLA & BLM bonds provided site specific reclamation amounts are identified ASAP.
- BLM: 4 fully equipped mine sites, 2 partially equipped mines, 1 unequipped mine, 1 unequipped escapeway.
- BLM sites: (2 x 1.0 acre) + 2.1 acre + 2.0 acre + (2 x 1.0 acre) + 1.0 acre + 0.5 acre = 9.6 acres.
- SITLA sites: 1 unequipped escapeway E-31 (0.5 acre), 1 fully equipped site I-12 (1.4 acre); total = 1.9 acres.
- Disturbed acreage for DOGM bond = mine sites 37.5 acres, roads 43 acres, facilities 31.2 acres = 111.7 acres

Description	Quantity	Units	\$/Unit	Cost(\$)	note
Reclamation Per Typical Gilsonite Mine Site					
Dismantling - crane - AGC unit costs	4	hr	105.00	420	(1)
Dismantling - crane operator - AGC unit costs	4	hr	22.00	88	(2)
Dismantling - laborers	16	hr	18.00	288	(3)
Dismantling - dozer	4	hr	147.57	590	(4)
Dismantling - dozer operator	4	hr	40.87	163	(5)
<i>subtotal demolition of structures</i>			\$1,550		
Shaft capping - laborer	16	hr	18.00	288	(3)
Shaft capping - supplies, materials	1	ea	800.00	800	(6)
<i>subtotal shaft capping</i>			\$1,088		
Regrading - dozer	4	hr	147.57	590	(4)
Regrading - dozer operator	4	hr	40.87	163	(5)
<i>subtotal site regrading & earthwork</i>			\$754		
Revegetation mtl's composted manure + seed	1	acre	260.00	260	(7)
Revegetation - apply compost	1	acre	70.00	70	(8)
Revegetation - apply seed with tractor & seed drill	2	hr	62.00	124	(9)
Revegetation - tractor operator - AGC unit costs	2	hr	22.00	44	(3)
<i>subtotal revegetation treatments</i>			\$498		
Subtotal per mine site (rounded)				\$3,890	

	All Sites	DOGM #	\$/site	\$ DOGM bond
typical mine sites	16	11	3,890	42,785
mine sites + partial equip	9	7	3,502	24,515
mine sites + no equip	2	1	2,340	2,340
mine sites - - cap shaft only	3	4	1,586	6,344
mine sites - - revegetation only	3	2	498	996
escapeway + equip	3	3	1,945	5,834
escapeway + no equip	2	0	1,170	0
DOGM acreage in excess of typical 1.0 or 0.5	2.6	0.0	1,252	0
WH-3 & WH-7 sites - blasting vein closed	0		35,000	0
SUBTOTAL - ALL MINE SITES	38	28		\$82,813

average cost per mine site =

\$2,958

unit cost details

changes to unit costs here ripple through other sheets

(1) AGC: J&C Enterprises, Inc. 35 T hydraulic truck mounted crane, Jan. 2000

(2) AGC: J&C Enterprises, Inc. foreman-operator, Jan. 2000

(3) AGC: George T. Weldon, Inc., Jan. - Dec. 2000, laborer \$18.00/hr

(4) Blue Book pg 9-43, Cat D9N, U blade, EROPS, 370 hp

(5) Means 2000, equip operator (dozer), crew B-10B

(3) AGC: George T. Weldon, Inc., Jan. - Dec. 2000, laborer \$18.00/hr

(6) Adjusted \$600-1992 to year 2001 using escalation & rounded

(4) Means 2000, equip operator (dozer), crew B-10B

(5) Means 2000, laborer, crew A-2

(7) Division estimate: \$180/acre seed @ 15 lb/acre, \$80/acre compost for 5 ton/acre @ \$16/ton

(8) Division estimate: \$70/acre for 5 ton/acre @ \$14/ton spreading

(9) Adjusted \$48/hr-1992 to year 2001 using escalation

(3) AGC: J&C Enterprises, Inc. foreman-operator, Jan. 2000

RECLAMATION ESTIMATE REVISION

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page name "facilities"

Bonanza Gilsonite Operations Uintah County

last revision

14-Feb-2001

M/047/010

Prepared by Utah State Division of Oil, Gas & Mining

<u>OPERATIONAL FACILITIES</u>	<u>\$/Unit</u>	<u># Units</u>	<u>Cost(\$)</u>	<u>note</u>
Ten laborers	1,440 \$/day	42	60,480	(3)
Two dozers	2,361 \$/day	21	49,584	(4)
Two dozer operators	654 \$/day	21	13,732	(5)
One crane	840 \$/day	42	35,280	(1)
One crane operator	176 \$/day	42	7,392	(2)
Tractor trailers	10,920 \$/mo	2	21,840	(10)
Tractor trailer operators	176 \$/day	42	7,392	(2)
One FE loader - DOGM correction	531 \$/day	42	22,302	(11)
One FE loader operator	176 \$/day	42	7,392	(2)
Composted manure & seed	260 \$/acre	24.6	6,396	(7)
Applying compost	70 \$/acre	24.6	1,722	(8)
One farm tractor & seed drill	496 \$/day	2	992	(9)
One tractor operator	176 \$/day	2	352	(2)
Subtotal operational facilities			\$234,856	
<u>ROADS</u>				
Motor grader - DOGM correction	1,108 \$/day	3	3,324	(12)
Motor grader operator	327 \$/day	3	981	(13)
Composted manure & seed	260 \$/acre	43	11,180	(7)
Applying compost	70 \$/acre	43	3,010	(8)
One farm tractor & seed drill	496 \$/day	2	992	(9)
One tractor operator	176 \$/day	2	352	(2)
Subtotal roads			\$19,839	
<u>STORAGE PONDS, PADS, RESERVOIRS</u>				
One dozer	1,181 \$/day	6	7,083	(4)
One dozer operator	327 \$/day	6	1,962	(5)
Composted manure & seed	260 \$/acre	4.3	1,118	(7)
Applying compost	70 \$/acre	4.3	301	(8)
One farm tractor & seed drill	496 \$/day	2	992	(9)
One tractor operator	176 \$/day	2	352	(2)
Subtotal ponds, pads reservoirs			\$11,456	

RECLAMATION ESTIMATE REVISION

American Gilsonite Company (AGC) page 4 of 6

Bonanza Gilsonite Operations Uintah County

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note

unit cost details

- (3) AGC: George T. Weldon, Inc., Jan. - Dec. 2000, laborer \$18.00/hr
- (4) Blue Book pg 9-43, Cat D9N, U blade, EROPS, 370 hp
- (5) Means 2000, equip operator (dozer), crew B-10B
- (1) AGC: J&C Enterprises, Inc. 35 T hydraulic truck mounted crane, Jan. 2000
- (2) AGC: J&C Enterprises, Inc. foreman~operator, Jan. 2000
- (10) AGC: J&C Enterprises, Inc., tractor trailer \$65/hr, \$520/day x 21 days = \$10,920/month
- (2) AGC: J&C Enterprises, Inc. foreman~operator, Jan. 2000
- (11) Blue Book, pg 9-26, 3Q00, Cat 950G, 180 hp, 4 CY, \$66.38/hr
- (2) AGC: J&C Enterprises, Inc. foreman~operator, \$22/hr, Jan. 2000
- (7) Division estimate, \$180/acre seed @ 15' lb/acre, \$80/acre compost for 5 ton/acre @ \$16/ton
- (8) Adjusted \$56/acre-1992 to year 2001 using actual escalation
- (9) Adjusted \$48/hr-1992 to year 2001 using escalation
- (2) AGC: J&C Enterprises, Inc. foreman~operator, Jan. 2000
- (12) Blue Book, 3Q99, pg 9-2, Cat 16H grader, 16' moldboard, 275 hp, \$138.45/hr
- (13) Means 2000, crew B-10B, equip operator (med) \$40.87/hr
- (7) Division estimate, \$180/acre seed @ 15' lb/acre, \$80/acre compost for 5 ton/acre @ \$16/ton
- (8) Adjusted \$56/acre-1992 to year 2001 using escalation
- (9) Adjusted \$48/hr-1992 to year 2001 using escalation
- (2) AGC: J&C Enterprises, Inc. foreman~operator, Jan. 2000
- (4) Blue Book pg 9-43, Cat D9N, U blade, EROPS, 370 hp
- (5) Means 2000, equip operator (dozer), crew B-10B
- (7) Division estimate, \$180/acre seed @ 15' lb/acre, \$80/acre compost for 5 ton/acre @ \$16/ton
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- (2) AGC: J&C Enterprises, Inc. foreman~operator, Jan. 2000

RECLAMATION ESTIMATE REVISION

American Gilsonite Company (AGC)

Bonanza Gilsonite Operations

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Uintah County

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<u>RESIDENTIAL AREA</u>	<u>\$/Unit</u>		<u># Units</u>	<u>Cost(\$)</u>	<u>note</u>
One dozer	1,180.56	\$/day	5	5,903	(4)
One dozer operator	326.96	\$/day	5	1,635	(5)
One FE loader - DOGM correction	531.00	\$/day	5	2,655	(12)
One FE loader operator	176.00	\$/day	5	880	(13)
One tractor trailer	520.00	\$/day	2	1,040	(10)
One tractor trailer operator	176.00	\$/day	2	352	(11)
Ten laborers	1,440.00	\$/day	12	17,280	(3)
Composted manure & seed	260.00	\$/acre	2.3	598	(7)
Applying compost	70.00	\$/acre	2.3	161	(8)
One farm tractor & seed drill	496.00	\$/day	1	496	(9)
One farm tractor operator	176.00	\$/day	1	176	(3)
Subtotal residential area				\$31,176	

<u>RECLAMATION SUMMARY</u>	<u>acreage</u>	<u>COSTS</u>
MINE SITES - DOGM bonding only	37.50	\$82,813
OPERATIONAL FACILITIES	24.60	\$234,856
ROADS	43.00	\$19,839
STORAGE PONDS, PADS & RESERVOIRS	4.30	\$11,456
RESIDENTIAL AREA	2.30	\$31,176
total acreage	111.70	

PROJECT SUPERVISION	8.5 weeks	\$1,930	\$16,405	(16)
MOBILIZATION (6 equipment)	6 each	\$1,000	\$6,000	(17)
SUBTOTAL			\$402,545	
+ 10% CONTINGENCY			\$40,254	
SUBTOTAL 2001-\$			\$442,799	
+ 5 yr ESCALATION (3.13%)			\$73,774	
TOTAL			\$516,573	
ROUNDED TOTAL IN 2006-\$			\$516,600	

Average cost per acre =	4,625 \$/acre
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RECLAMATION ESTIMATE REVISION

American Gilsonite Company (AGC)

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Utah County

note

- (4)
- (5)
- (12)
- (13)
- (10)
- (11)
- (3)
- (7)
- (8)
- (9)
- (3)

Blue Book pg 9-43, Cat D9N, U blade, EROPS, 370 hp
Means 2000, equip operator (dozer), crew B-10B

Blue Book pg 9-26, 3000 Cat 950G, 180 hp, 4 CY, \$66.38/hr

AGC: J&C Enterprises, Inc. foreman-operator, Jan. 2000

AGC: J&C Enterprises, Inc., tractor trailer \$65/hr, \$520/day x 21 days = \$10,920/month

AGC: J&C Enterprises, Inc. foreman-operator, Jan. 2000

AGC: George T. Weldon, Inc., Jan. - Dec. 2000, laborer \$18.00/hr

Division estimate: \$180/acre seed @ 15 lb/acre, \$80/acre compost for 5 ton/acre @ \$16/ton

Adjusted \$56/acre-1992 to year 2001 using escalation

Adjusted \$48/hr-1992 to year 2001 using escalation

AGC: J&C Enterprises, Inc. foreman-operator, Jan. 2000

- (16)
- (17)

Means 2000, project manager, 01300-700-0180, minimum \$1,930/wk

Division estimate of mob & demob heavy equip. \$1,000/each; 2 dozers, crane, FE loader, grader, tractor



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801


801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

February 12, 2001

TO: Minerals File

FROM: Lynn Kunzler, Reclamation Specialist 

RE: Site Inspection, American Gilsonite Company, Bonanza Mine, M/047/010, Uintah County, Utah

Date of Inspection: May 24, 2000

Time of Inspection: 11:00 am.

Conditions: Cloudy

Participants: Neldon Kunz, American Gilsonite; Lynn Kunzler and Jared Sorensen, DOGM

Purpose of Inspection: Evaluate Reclaimed Sites for Reclamation Success.

We began this inspection on the Rainbow seam. The R-1 site has been adequately reclaimed and could be released at this time. The R-2 and R-4 sites have been adequately revegetated, however, a cap over the seam is needed at each site. Mr. Kunz indicated that a pre-fab cap could be walked in with a backhoe, thus not impacting the established vegetation. Once the caps have been placed, these two sites could be released. The R-3 site has been capped, and reveg is ok with the exception of about 1/4 acre which is currently leased to UBET cellular for an antenna site. It is recommended that the land use be changed from wildlife habitat/grazing to commercial (cell phone relay site). With this action, R-3 could be released.

On the Little Emma seam, Site LE-4 has been adequately reclaimed and can be released at this time. Sites LE-17, LE-18 have also been reclaimed successfully. Site LE-19 has one shaft that was not reclaimed (needs cap) and about 1/2 acre needs to be reseeded. Site LE-20 has also been reclaimed. However, about 1/2 acre at this site also needs to be reseeded.

On the Wagon Hound seam, Sites WH-3 and WH-7 have been approved and are bonded. However, Mr. Kunz indicated that it will be some time in the future before any mining occurs. These sites were inspected to document no disturbance so that the bond for these sites could be dropped until such time as they are developed. This action will reduce the overall bond that needs to be carried by American Gilsonite.

Site B-14 on the Bonanza seam is an old pre-law shaft. A pump had been located in the shaft in the 80-s and early 90-s for dewatering of the seam. The pump has since been removed and the disturbed area has naturally revegetated. Even though the area was disturbed pre-law, it was felt that since the site was used for mining related activity in recent years, (i.e. pumping to de-water the seam), a cap should be placed over the shaft. No other reclamation would be needed at this site.

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As a general observation of the revegetation work observed, success has only been marginal. Soils are on the low side of fertility and very low in organic matter. The current revegetation plan calls for the application of 2 tons/acre of mulch (probably to help increase organic matter) and the use of commercial fertilizer (areas where fertilizer was used has a much higher weed component than areas that were not fertilized. Similar areas in the state have been reclaimed using composted manure (5-10 tons per acre application) and have had significantly better revegetation establishment. It is suggested that the next areas to be revegetated use an application of 5-10 tons/acre of composted manure rather than the fertilizer and mulch currently being used. If this proves to be successful in establishing a better stand of vegetation, the approved plan could be changed.

Several photos were taken.

jb

cc:

Neldon Kunz, American Gilsonite

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